

Section 2
SECRET

20 January 1947
Stephan

MEMORANDUM FOR THE EXECUTIVE FOR PERSONNEL AND ADMINISTRATION

SUBJECT: Support of Intelligence Activities of Foreign Countries

REFERENCE: Memo for Assistant Director, R&E, from Executive for P&A,
subject: "Program for Budget Hearings", dated 17 December 1946

ENCLOSURE: Support of Intelligence Activities by Specified Foreign Countries

25X6 The following information is furnished pursuant to the reference memorandum, which requested a broad statement covering the support of intelligence activities of [REDACTED] France, the USSR, pre-war Germany and Japan:

Data on the actual amounts of money appropriated per year to support intelligence activities of the specified countries are generally not available in Washington except in isolated instances which are likely to prove misleading. Attempts to obtain further information from the field in the time available have also failed. Actually, the lack of this vital information is proof of the need for effective US intelligence organization.

25X1X7 Even where figures are available, appropriations by foreign countries present a false basis for comparison with US figures. For example, the purchasing power of currency in foreign countries, in terms of personnel and material, is far different from the exchange rate. In addition, the secret intelligence organizations of many countries, such as [REDACTED] and pre-war Germany, obtained a large proportion of their funds through covert ownership of investments in commercial and industrial concerns and through other covert financial transactions. These and other factors and devices involved in the intelligence activities of other nations, mean that US appropriations for foreign intelligence must be comparatively more than those of the other major powers if the US is to have an effective intelligence organization.

Available data on the support of intelligence activities by the specified foreign countries are contained in the Enclosure hereto.

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